



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**

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Order Instituting Rulemaking to Promote  
Consistency in Methodology and Input  
Assumptions in Commission Applications  
of Short-run and Long-run Avoided Costs,  
Including Pricing for Qualifying Facilities.

Rulemaking 04-04-025

**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON  
PROPOSED DECISION DENYING JOINT PETITION FOR  
MODIFICATION OF DECISION 06-06-063**

**I. INTRODUCTION**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits these comments on the Proposed Decision (PD) denying the joint petition of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE)<sup>1</sup> for modification of Decision (D.)06-06-063. PG&E, SDG&E and SCE requested revision of D.06-06-063 to change the Total Resource Cost (TRC) calculations of direct install, upstream and midstream programs.

The PD denied the Utilities' petition for modification of D.06-06-063 (PFM), correctly concluding that to grant the Utilities' request would "effectively hide real program costs from the calculation of portfolio net benefits, thereby overstating those benefits for particular program strategies."<sup>2</sup> The PD reiterates the Commission's policy of ensuring that all costs for utility ratepayers and participating customers are included in the evaluation of total resource costs and

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<sup>1</sup> PG&E, SDG&E and SCE, who filed their Petition for Modification on May 31, 2007 are collectively called "Utilities" in DRA's comments on the PD.

<sup>2</sup> PD, p. 3.

benefits of energy efficiency programs. DRA supports the PD's resolution of the issues presented in the PFM, and respectfully requests that the Commission adopt the PD.

## **II. DISCUSSION**

DRA's response to the Utilities' PFM recommended denial of the PFM, but recognized issues that would benefit from clarification.<sup>3</sup> DRA therefore suggested that the Commission consider revision of the energy efficiency policy rules, adopted in D.05-04-051, to clarify issues related to classification of costs, including "a table mapping costs for direct rebate, direct install, upstream, and downstream programs into participant and [Program Administrator] costs."<sup>4</sup> The PD agreed that "all stakeholders would benefit from the development of a fully consolidated, explanatory version of the TRC test with numerical examples for various program delivery strategies."<sup>5</sup> However, the PD disagreed that this level of explanatory detail was appropriate for the energy efficiency policy. Instead, the PD directed the Energy Division to update the 2001 "California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects" (Standard Practice Manual) to reflect recent Commission decisions, including "numerical examples for various program delivery strategies."<sup>6</sup>

DRA supports revision of the Standard Practice Manual, along with the proposed procedure for soliciting written comments, as effective means of clarifying cost issues raised in the PFM.

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<sup>3</sup> July 2, 2007 Response of DRA to Joint Petition of PG&E, SDG&E, and SCE for Modification of D.06-06-063, pp. 9-10. As the PD notes, some of the NTG issues raised in the PFM were resolved in D.07-09-043.

<sup>4</sup> Id., p.10.

<sup>5</sup> PD, p. 29.

<sup>6</sup> Id.

### **III. CONCLUSION**

DRA supports the PD and respectfully requests its adoption by the Commission.

Respectfully submitted,

/s/ DIANA L. LEE

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November 26, 2007

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON PROPOSED DECISION DENYING JOINT PETITION FOR MODIFICATION OF DECISION 06-06-063”** in **R.04-04-025** by using the following service:

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Executed on November 26, 2007 at San Francisco, California.

/s/    **ALBERT HILL**

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